

**LODI CITY COUNCIL  
REGULAR CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
WEDNESDAY, FEBRUARY 19, 2003**

**C-1     CALL TO ORDER / ROLL CALL**

The City Council Closed Session meeting of February 19, 2003, was called to order by Mayor Hitchcock at 5:32 p.m.

Present: Council Members – Beckman, Hansen, Howard, Land, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

**C-2     ANNOUNCEMENT OF CLOSED SESSION**

- a) Actual litigation: Government Code §54956.9(a); one case; Robinson v. Harper, et al., Superior Court of California, County of San Joaquin, Stockton Branch; Case No. CV012406
- b) Actual litigation: Government Code §54956.9(a); one case; City of Lodi v. Williams-Anderson, et al., San Joaquin County Superior Court Case No. CV 426433
- c) Prospective acquisition of real property located at 402 E. Sargent Road, Lodi, CA (APN #027-040-03); the negotiating parties are City of Lodi and Nobel D. Fore, II and Millard L. Fore, Jr., Trustees of the Beckman Family Trust; Government Code §54956.8
- d) Prospective acquisition of real property located at 21 E. Elm Street, Lodi, CA (APN #043-082-03); the negotiating parties are City of Lodi and Craig C. and Ann H. Peden; Government Code §54956.8

**C-3     ADJOURN TO CLOSED SESSION**

At 5:32 p.m., Mayor Hitchcock adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:00 p.m.

**C-4     RETURN TO OPEN SESSION / DISCLOSURE OF ACTION**

At 7:00 p.m., Mayor Hitchcock reconvened the City Council meeting, and City Attorney Hays disclosed the following actions.

In regard to Item C-2 (a), staff provided a report to Council.

In regard to Item C-2 (b), no report was given or action taken.

In regard to Item C-2 (c), Council gave direction to staff regarding the acquisition of property, a portion of which would be used by the City for the proposed Aquatics Center.

In regard to Item C-2 (d), Council gave direction to staff as to how to proceed with negotiations for the acquisition of property to be used by the City for the proposed Indoor Sports Complex.

**A.     CALL TO ORDER / ROLL CALL**

The Regular City Council meeting of February 19, 2003, was called to order by Mayor Hitchcock at 7:00 p.m.

Present: Council Members – Beckman, Hansen, Howard, Land, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

**B.     INVOCATION**

The invocation was given by Reverend Fred Chacon, Loving Hymn Ministries.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Hitchcock.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

NOTE: The following presentations were given out of order.

D-1 Awards – None

D-2 (a) Mayor Hitchcock presented a proclamation to Patricia Sherman, President of Animal Friends Connection, proclaiming Tuesday, February 25, 2003, as "Spay Day USA" in the City of Lodi.

D-3 (a) Joey Nardinelli, member of the Greater Lodi Area Youth Commission, acknowledged the Teen of the Month, Susan Cheng from Lodi Academy High School. Mr. Nardinelli provided an update on the upcoming activities of the Commission.

D-3 (c) Mayor Hitchcock introduced Art Raab and presented Certificates of Recognition to the following participants and winners of the Lodi Breakthrough Project's "Celebrate Diversity Essay Contest":

<u>1<sup>st</sup> place</u>	Rajdeep Bhalaru (7 <sup>th</sup> grade), Delta Sierra Middle School
<u>2<sup>nd</sup> place</u>	Megan Smith (8 <sup>th</sup> grade), Houston Middle School
<u>3<sup>rd</sup> place</u>	Micho Khoury* (7 <sup>th</sup> grade), Morada Middle School <i>*was unable to attend the meeting</i>

D-3 (d) Public Works Director Richard Prima and Thom Sanchez, representing Central Valley Waste Services, gave a presentation regarding the City's compliance of the AB939 Diversion Mandate. Mayor Hitchcock presented Certificates of Recognition to the following for their support and help in achieving this state-mandated diversion goal.

- Richard Prima, representing the City of Lodi Public Works Department;
- Thom Sanchez, representing Central Valley Waste Services; and
- Frank Alegre, representing Frank C. Alegre Trucking

D-3 (b) Scott Edward with the Delta Blood Bank presented a plaque to the Mayor for Lodi's participation in the Mayor's Cup Challenge, which was held January 27 – 31, 2003.

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E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Land, Beckman second, unanimously approved the following items hereinafter set forth:

E-1 Claims were approved in the amount of \$5,087,392.90.

E-2 The minutes of January 15, 2003 (Regular Meeting), January 28, 2003 (Shirtsleeve Session), and January 28, 2003 (Special Meeting) were approved as written.

E-3 Approved specifications for 100 post-top globe-style luminaires and authorized advertisement for bids.

E-4 Adopted Resolution No. 2003-22 awarding the bid for the purchase of three 1500 kVA three-phase padmount transformers to the bidder whose proposal and equipment met City of Lodi specifications and whose transformers are expected to yield the lowest overall life-cycle costs, Western States Electric, of Portland, Oregon, in the amount of \$41,081.84.

- E-5 Adopted Resolution No. 2003-23 authorizing the purchase of lab safety equipment and yearly physicals for five investigators of the Lodi Police Department using Asset Seizure funds in the amount of \$3,520.
  - E-6 Adopted Resolution No. 2003-24 authorizing the purchase of a surveillance receiver/recorder system using Asset Seizure funds in the amount of \$5,750.
  - E-7 Approved the standardization of standby electric generator systems for the water/wastewater utility, water well, and sanitary sewer lift stations to Olympian as supplied by Caterpillar.
  - E-8 Adopted Resolution No. 2003-25 appropriating \$8,078.75 from the Contingency fund to cover expenses incurred during the November 5, 2002, General Municipal Election and \$6,106.25 from the Redevelopment Agency account for expenses associated with the referendum petition submitted against the Lodi Redevelopment Project No. 1.
  - E-9 Set public hearing for March 5, 2003, to consider and approve community input and proposals for uses of the City's 2003/04 Federal allocation of Community Development Block Grant and HOME Program funds and the reallocation of available funds from previous program years.
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F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- Joyce Harmon updated Council on her efforts to eradicate mistletoe from the city's trees. Since her presentation to Council on January 2, she has done the following:
  - Addressed the Womens Club of Lodi who support her efforts and would like to make this a community service project;
  - On February 6 she spoke with the Garden Club of Lodi;
  - On February 9 a newspaper article on the subject was published in The Record and previously an article was published in the Lodi News-Sentinel;
  - On February 9 she received an estimate from a tree company for \$1,800 to remove the mistletoe from 13 properties on Corinth Avenue;
  - On February 13 she personally delivered letters to the 13 residents on Corinth Avenue, from which she received four responses of support; and
  - Another tree company provided an estimate of \$300 to remove mistletoe from the worst tree on the block (Corinth Avenue) and would discount the price to \$235 if they could get additional business from surrounding residents.

Ms. Harmon stated that she had been working on this issue for a year and had concluded that there was little more she could do as an individual. She suggested that the Neighborhood Watch groups begin a public education program on the problem. In addition, she recommended that the City lead an effort for a group bid project with tree trimming companies who would offer a discount to remove mistletoe on private property trees.

Council Member Hansen voiced support for the City developing a program to rid mistletoe from the City's trees.

In reply, Public Works Director Prima reported that the City does regular tree pruning including the removal of mistletoe. Last year the City had a specific project bid solely for the purpose of mistletoe removal.

City Manager Flynn stated that after Ms. Harmon first spoke to Council on this topic, he asked staff to assist her with development of a program.

Council Member Hansen suggested that the City send a letter encouraging citizens to address the issue.

Mayor Hitchcock encouraged Ms. Harmon to continue her efforts of educating the public through the contact of service organizations.

- Frank Alegre asked the Council to make available to the public a City budget that lists each department separately in an easy to read format. He also noted the Public Employees Retirement System (PERS) invested in stocks and has lost a great deal of money. He understood that the City now has to guarantee the losses.

Mayor Hitchcock reported that, though the City must begin contributing to PERS, over a 15-year period the PERS interest rate has been 9.4%.

City Manager Flynn reported that in 2006-07 it is estimated that the City's contribution to PERS for public safety fire will be 46% of payroll, public safety police will be 42% of payroll, and 22% for miscellaneous. The City is contributing nothing today and in three years will be paying \$7 million annually. He stated that there are a lot of questions about PERS investment policies. At a Shirtsleeve Session next month an actuary will be giving a presentation on this topic.

Mr. Alegre criticized the City for not saving money in good years to cover the bad years.

Council Member Land was opposed to rate/taxpayers having to pay for the PERS losses. He asked Mr. Flynn to provide Mr. Alegre with a full budget report, which lists each department separately.

#### G. PUBLIC HEARINGS

- G-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Hitchcock called for the public hearing to consider appeal from Neumiller and Beardslee, on behalf of Legends Unlimited, regarding the Planning Commission's decision to revoke Use Permit No. 99-02 for Legends Unlimited.

Community Development Director Bartlam reported that he was informed yesterday by the Alcoholic Beverage Control Board that the license was transferred on Friday.

City Attorney Hays stated that the person who was pursuing the appeal no longer owns the license; therefore, the appeal is moot.

##### MOTION / VOTE:

The City Council, on motion of Council Member Land, Beckman second, unanimously terminated the subject appeal.

#### H. COMMUNICATIONS

- H-1 Claims filed against the City of Lodi – None  
H-2 Reports: Boards/Commissions/Task Forces/Committees – None  
H-3 Appointments

Council Member Land stated that he received a call from a citizen who was upset because he was not informed of the Planning Commission vacancy. The individual did not see a notice in the newspaper and had filed an application for the Commission in the past.

City Clerk Blackston reported that since November 19 a written notice had been posted in the City Hall lobby, the Library, the City Clerk's Office, the City's Website on the Internet, and at the official posting board location outside the Carnegie Forum. A notice was published in the newspaper on December 21. Applications are retained for a two-year period and included in the selection process when vacancies become available.

The following postings/appointments were made:

- a) The City Council, on motion of Council Member Land, Beckman second, unanimously made the following appointment:

Planning Commission

Eduardo Aguirre                      Term to expire June 30, 2004

H-4      Miscellaneous

- a) City Clerk Blackston presented the cumulative Monthly Protocol Account Report through January 31, 2003.

I.      REGULAR CALENDAR

I-1      "Update on State budget"

City Manager Flynn reported that he attended a city manager's conference last week, in which the State Finance Director confirmed that the budget will not be approved on time this year. An adjusted budget is due the week of May 11. The Governor's top priorities in presenting the budget are debt service and schools, with Vehicle License Fees (VLF) at the bottom. A representative from the California Reinvestment Redevelopment Agency Association reported that based on the Governor's proposal, the Association will soon be out of business. There are 360 cities out of 468 in California that have redevelopment agencies, and the budget proposal represents a significant loss of money to these cities and their general fund activities.

In response to Council Member Hansen, Mr. Flynn stated that, in essence, the State is proposing to take all redevelopment funds. By taking the unallocated portion it stops all planning of low and affordable housing. In reference to VLF, the State Finance Director reported that they are not considering these funds for this year; however, it may be an issue next year.

Council Member Howard pointed out that due to the recent actions of the State, redevelopment agency monies that are paid by taxpayers, homeowners, and developers will be reallocated to offset the deficit at the State level instead of a percentage coming to the cities to reinvest back into local areas.

In reply to Council Member Beckman, Mr. Flynn predicted that the redevelopment agency fee issue will be tested in court before any final decision is made.

MOTION / VOTE:

There was no Council action required on this matter.

I-2      "Presentation of various storm drain improvements to mitigate localized street flooding at Lockeford Street near Loma Drive"

Public Works Director Prima displayed a map of the City's storm drain system near Mills Avenue and Turner Road (filed). He reported that there is a large main that runs down Mills Avenue straddling the B-2 and H areas, which includes the trouble spot for flooding. The water in Mills Avenue can wind up going either way depending on the water levels at the pump station, basin, and trunk system. Due to that complicating factor, it is very difficult to analyze the area under conventional techniques. Because it is a low spot in the street network, the hydraulic grade line is "popping up out of the ground" fairly frequently at that location. A number of years ago the City rebuilt the street and lowered the crown by two inches. A catch basin was moved to help improve the flow at that location. Roots were removed from one of the 18 inch lines that had been 30% obstructed.

Mr. Prima recommended that a computer-based drainage plan be prepared for the B-2 basin area. Until better modeling and other engineering work is done, Mr. Prima stated that he cannot offer Council a firm solution for the flooding at Lockeford Street near Loma

Drive. He reported that the Lodi Lake Pump Station needs to be repaired and additional pumps added. In addition there is a pipe that flows backwards out of the area down to Elm Street, into the trunk line, and winds up in the basin at Graves Park. If there is an effect because of the basin, then modifying the basin inlets would help that situation as well. Staff does not see this as a high priority for the specific problem on Lockeford Street however. The budget estimate shown in the staff report was to put in a parallel pipe that would shorten the path and provide additional capacity. Mr. Prima believed that if the pump station was improved and improvements to the collection system were made, it would probably result in a one in five-year protection for the area.

In reply to Council Member Hansen, Mr. Prima explained that improvements to the Lodi Lake Pump Station would help a very large area drain more efficiently.

Council Member Hansen stated that he received a letter from citizens on Sweetwood Drive who were concerned about the amount of water in the area during heavy rains.

Mayor Pro Tempore Howard inquired whether it would be beneficial to add a second pump station at Lodi Lake closer in the area north of Howard Street or Loma Drive slightly east of the existing pump station and better service the flow of water from the area designated at H and part of B-2. The existing pump station could then be best utilized to service the rest of B-2 and E, considering that there is planned growth west of E.

Mr. Prima recalled that at one time there were two pump stations. The original station was at the end of Mills Avenue where it goes into Lodi Lake. It discharged directly into the beach. Many years ago it was abandoned and connected to the station at Lodi Lake, and later a discharge line was built from that pump station to the river. He explained that everything south of Lodi Avenue is in a drainage area that flows south.

Council Member Land asked what the City is doing for residents on Lockeford Street during heavy storm periods.

City Manager Flynn reported that when a storm is forecasted, employees in the Public Works Streets Division are assigned to be on standby. If flooding occurs they will close the street to traffic and assist residents.

Council Member Land noted that only five areas in the City have been identified by Public Works to have flooding. He agreed that before the pump station is upgraded, the study should be done as outlined in option A in the staff report. He asked Mr. Prima how often the lines are checked for blockage.

Mr. Prima acknowledged that in the past the larger diameter lines have not been checked, and this should be addressed. He reiterated his recommendation to move forward on updating the basin drainage plan, after which staff will return to Council with a solution for implementation before next winter.

In answer to Mayor Hitchcock, Mr. Prima stated that if the pump station worked the way it is supposed to, then doing the repairs as identified in items B and D would provide a five-to-ten-year protection.

In reply to Council Member Land, Mr. Prima estimated that the study would take four to five months, and following that the design work would take four to five months. He suggested that during the fall, some piping improvements could be made in the area.

Council Member Beckman asked what kind of improvement the basin operations modifications would make, as outlined in item C.

Mr. Prima explained that it would allow water to get into the basins sooner than it does now. From the standpoint of groundwater recharge it would not make any difference because of the City's program to get water out of the basins to allow them to be used for recreation purposes. It would, however, help get water off the street faster.

PUBLIC COMMENTS:

- Treacy Elliot emphasized that the flooding on Lockeford Street is not an annual occurrence; it happens two to four times every year. The residents in the area need some relief. He pointed out that if the study takes four to five months, it will be July and there may not be time to get even minor improvements completed before the next rainy season. He asked whether the study could be expedited.
- Gary Buzunis stated that he is the project manager for the First Baptist Church project. He reported that there was a foot of water in the parking lot of the new church after the last storm. He explained that the site was not retaining water, it was receiving it from the south and becoming a catch basin. He warned that the new middle school that is being constructed in the area will worsen the problem. He encouraged Council to expedite this project.

MOTION:

Council Member Land made a motion, Beckman second, to direct staff to perform the study as described in item "A" in the staff report (and shown below):

*"Updated Basin Drainage Plan: Staff will prepare a computer-based drainage plan for the B-2 basin area. The plan will construct a computer replica of the collection, storage, and pumping facilities serving the basin. Operating assumptions (such as runoff coefficients, rainfall intensity, and hydraulic performance) will be tested and calibrated to measured field conditions. It is not uncommon for an agency to have such a model to not only establish new facility sizes but to also test the impact on the system resulting from development scenarios different from the base line assumptions built into the model. This will allow testing of the system under different storm conditions (i.e., 2-year design storm with nearly full basin; 5-year and 10-year storms with empty basin). Staff would be responsible for creating the model and calibrating it to existing conditions. Outside consultant oversight would provide technical support, quality control, and quality assurance in the final product. Approximate cost: \$35,000, plus staff time."*

DISCUSSION:

In answer to Council Member Beckman, Mr. Prima explained that staff would be looking at the drainage area as part of the study, which would include some preliminary work as to what kind of piping improvements might be necessary. He expected to be in a position to bid a pipe project by next fall. Staff will return to Council with a recommendation sometime during the summer regarding what improvements to undertake in the interim and during the fall, as well as further recommendations on the pump station and other improvements that would take place in subsequent years.

Mayor Pro Tempore Howard encouraged Mr. Prima to request adequate funding for these improvements in the upcoming 2003-05 budget.

VOTE:

The above motion carried by a unanimous vote.

RECESS

At 9:02 p.m., Mayor Hitchcock called for a recess, and the City Council meeting reconvened at 9:14 p.m.

I. REGULAR CALENDAR (Continued)

- I-3 "Review the estimated revenue projections for the 2003-05 Financial Plan and Budget"

Finance Director McAthie emphasized that given the State fiscal uncertainty the estimated revenue projections are subject to change as additional information becomes available. The City Manager is not recommending any new taxes in the 2003-05 budget. The estimates are based on analysis of historical data and discussions with other

departments, outside agencies, e.g. the County Tax Collector, State Treasurer, etc., and consultants such as Hinderliter del Lamas and Associates (HdL), the City's tax consultant, and Public Financial Management (PFM), the City's financial advisor. The City has diverse sources of revenue and it is this diversity that helps lessen the impact to the City during uncertain times. The largest category of revenue is from service fees and charges, which represent 64% of the total revenue. Tax revenue represents 25% of the City revenue. Projections for revenue from others has dropped from 13% to 6% of the total, due mainly to the Vehicle License Fees and other monies coming from the State. The balance of City revenue sources is from licenses and permits at 2%, fines and forfeitures 1%, investment in property revenue 2%, and other revenue 1%. Property taxes represent 15% of the tax revenue category. The estimate of \$6.4 million was based on information from the County on current assessed value of property within Lodi. As of last month property receipts were 53% of the amount estimated for the current fiscal year, so the trend for the 2003-04 estimate is consistent. Staff is not projecting any Educational Revenue Augmentation Funds (ERAF) for the 2003-05 budget. The largest single source of tax revenue is \$8.7 million in sales and use tax, which represents 41% of the category, and is based on discussions with HdL. The projection is \$200,000 lower than the current fiscal year estimate. HdL anticipates that the City's current fiscal year estimates will come in closer to \$8.4 million, rather than the projected \$8.9 million. State maintenance sales tax for 2003-04 is estimated at \$838,370 per Steve Dial, Director of Administration, Chief Financial Officer, for the San Joaquin Council of Governments. The Transient Occupancy Tax estimate is lower than the current fiscal year by \$140,000 to reflect the decrease in the tax rate to 6%. The estimate of \$24,805 in industrial franchise is based on 4.8% of gross receipts from Delta Container and Central Valley Waste. Gas and electric franchise information will not be available until March or April from Pacific Gas and Electric, so staff used a conservative amount based on prior year actuals. Cable TV franchise is slightly lower, about \$9,000, due to internet fees ruled in March 15, 2002, not subject to local cable franchise by the Federal Communications Commission. The in-lieu franchise fees are based on 12% of prior year revenues in the enterprise funds. The Electric in-lieu is estimated to be approximately \$5.8 million. This was calculated on the Electric Utility 2002-03 charges for services, less the public benefits, and multiplied by 12%. The Sewer is estimated to be \$755,040, and Water is estimated to be \$715,080. The Electric Utility Market Cost Adjustment and Sewer and Water infrastructure funds are included in these calculations. The public benefits are not included. The total tax revenue category estimate of \$25.4 million represents a 4.9% increase over the current year estimate, which is consistent with prior year averages. The two-year average increase was 4.6%, five-year average was 5.24%, and eight-year average was 4.15%.

In answer to Council Member Beckman, City Manager Flynn explained that the decrease in the Wastewater in-lieu franchise was due to a reduction in the amount of the transfer from 17% and 20% down to 12%.

Ms. McAthie continued her report and noted that the license and permits category is projected to decrease \$100,000 from the current fiscal year estimate, mainly in the permit category. As of January 31, 80% of the fiscal year estimate has been received and is consistent with prior years at the same time. The 2003-04 estimates are based on a conservative 2% per year growth. \$4,000 was the estimated revenue for alarm permits in the current fiscal year; however, as of January 31, \$11,500 has been collected. The conservative estimate for 2003-04 is projected at \$16,950 based on the number of permits issued. The bulk of the decrease in the license and permit revenue category is in the building permits area. As of January 31, \$400,000 was received, so the Community Development Department feels that the current fiscal year estimate of \$636,000 is expected to come in closer to \$500,000. Consequently, the 2003-04 estimate of \$530,000 would bring the calculations into alignment with the prior actuals and where Community Development expects the current year actuals to wind up. Electric permits are expected to come in closer to \$60,000 in the current fiscal year, so the 2003-04 estimate of \$61,000 is consistent with this projection. Due to the closing of lot B-2 in the downtown area and free parking at the garage, fewer parking permits are being issued; therefore, the estimate has been reduced \$25,000 in the current fiscal year. The total licenses and permits revenue category projections for 2003-04 is \$1,555,905.



Ms. McAthie reported that the fines and forfeiture revenue category is estimated to decrease by approximately \$33,000. The 2003-04 estimate for vehicle code fines is more consistent with prior year actuals. As of January 31, the current year revenue is ahead of prior year revenue; however, that only represents 35% of the estimate. Staff is projecting a more conservative estimate for the next two-year budget. The current fiscal year parking fines estimate of \$56,000 was based on having one parking enforcement officer. During the current year a contract officer was hired and the hours and enforcement were increased to include Saturdays. As of January 31, receipts have totaled \$49,000, or 87%, of the yearly estimate; based on that, the 2003-04 estimate is \$80,000, which is more in line with the revised current year estimates. The late payments and utility bills are estimated to be slightly lower than the current fiscal year estimate. The total 2003-04 estimated revenue for the fines and forfeiture category is \$727,290.

In answer to Council Member Hansen, Ms. McAthie explained that the projections for false alarms is not ready at this time.

Ms. McAthie stated that the investment of property revenue category is estimated to be down substantially due to the current interest rate environment. Also in the current year, the City had larger amounts of dollars to invest from the Electric capital outlay account and the bond coverage fund. In addition, in the current fiscal year the City had some longer term investments, which have now matured, and the interest rate that it is reinvested in is much lower. The total 2003-04 estimate in property and investment revenue is approximately \$2 million based on an average pool of \$17 million as of December 31, with an average rate of return of 2.614%. Staff used the figures shown on the fax sheet from the state controller's office for the Vehicle License Fee (VLF) estimate. The 2003-04 VLF estimate is approximately \$1.2 million, as compared to the \$3.5 million in 2002-03. The total revenue from other categories is estimated at \$6.4 million, as compared to \$15 to \$20 million in past years.

Ms. McAthie reported that the largest percentage of revenue needed to offset City services is generated in the categories of service fees and charges. Electric Utility operating revenues is projected to increase 3% over the current fiscal year estimate of \$50 million. These estimates, prepared by Electric Utility, include an estimated \$850,000 Market Cost Adjustment. As shown on the blue sheet (filed) distributed to Council, the correction for the 2003-04 total wastewater operating revenue estimates were increased approximately \$2.1 million for infrastructure replacement fees, which were not included in the total at the time the original presentation was prepared. This will bring the estimated total to approximately \$6.6 million in 2003-04 and \$6.8 million for 2004-05, which will be more in line with the current fiscal year estimate. Also shown on the blue sheet, the 2003-04 water operating revenue estimates were increased for infrastructure replacement fees in the amount of \$1.9 million. This will bring the estimated total to approximately \$5.6 million for 2003-04 and \$5.8 million for 2004-05, which will be more in line with the current fiscal year estimate. Non-operating utility revenue includes such items as contract work for others, sewer and water tap fees, industrial sewer billing and lift station reimbursement. Transit fee estimates are flat lined. Parks and Recreation fee estimates are lower than the current fiscal year due to loss of rental income. Community Center and Community Development estimates are slightly lower than current year estimates, but are consistent with prior year estimates. Public Works fee estimates are 42% higher in the current fiscal year estimate. These fees include the various development impact fee accounts, which account for the bulk of the increase. Administrative fees include items such as returned checks and utility connections, which are estimated to have little or no change from prior year actuals. There is no estimate shown for the next two-year budget for benefits and insurance fees. This is no longer a revenue item. The method of accounting for this item was changed in the last two-year budget to an interfund transfer. The total estimated revenue for the service fees and charges category is slightly more than \$69.9 million.

In the other revenue category, under donations, the current year actual receipts as of January 31 are higher than the current fiscal year estimate. Included in this line item are payments such as the Veterans Monument payments. The 2002-04 figure of \$48,130 is consistent with the actual receipts that are expected in the current year. Revenue no other category includes items such as the DBCP reimbursement of \$244,000, Workers Compensation reimbursement of \$200,000 and other minor items. Reimbursable charges includes work done for others. Revenue by transfer was the account used for transfer of Community Development Block Grant (CDBG) grant administrative funds to offset a portion of the Community Improvement Officer's salary. This is no longer done as a revenue. It is handled as interfund transfers between CDBG grant and the general fund. The total for other revenue category is \$788,895. The revised grand estimated revenue for the various categories reviewed is \$106,956,700.

Ms. McAthie announced that the next budget reports will be made on March 19 and April 2 to review the significant expenditures and staffing requests.

Mayor Hitchcock noted that overall, the City has approximately \$14 million less than the previous year. The investment revenue is \$2.7 million less than the previous year.

City Manager Flynn stated that with regard to the general fund he anticipates \$3 million less next year than this year. He noted, however, that the Lowe's project is expected to break ground in June and open January 31, 2004, which is worth \$1 million a year to the City. The Redevelopment Agency is also expected to move forward next year. Recruitments have been suspended and there is a 25 position hiring freeze in effect. Deferral on capital projects will be recommended, from which \$1.5 million is set aside. In total, this amounts to \$4 million. The Parks and Recreation Director will be coming forward with recommendations to save money and generate some additional revenue. Over the past ten years the City's total operation cost has increased 41%, the population has increased 25%, and revenues in total have increased 116%. After adjusting (removing) for one-time grant monies, the City still has 60% more revenue today than ten years ago. Mr. Flynn cautioned that until the State makes a decision about the budget, any actions the City takes now would merely be reacting to rumor.

Ms. McAthie interjected that the one-time money for grants was reinvested and the investment earned went back into the projects.

In answer to Council Member Land, Ms. McAthie explained that the decrease in the waste removal franchise tax was based on prior year actuals. The current year estimate is not being met.

Council Member Land read the following statement from a Wells Fargo report on the economic outlook for the Central Valley: *"A longer term positive is the above average growth in the region's labor force – Stockton, Lodi, Bakersfield, and Fresno stand out as particularly fast growers. This will keep demand for housing, retail trade, and services robust."*

Council Member Hansen suggested that a 15% reserve fund "floor" policy be established and instituted in the next fiscal year.

Mayor Hitchcock agreed; however, she noted that it would be very difficult to do now and might involve layoffs to achieve. She stated that the time to increase reserves is during the good years.

Council Member Beckman concurred with Mr. Hansen and hoped that a 15% reserve could at least be a target during the next fiscal year.

MOTION / VOTE:

There was no Council action required on this matter.

- I-4 "Adopt resolution reallocating a portion of the Community Development Block Grant (CDBG) funds from the 2002/03 Lodi Lake Handicap Accessible Pedestrian/Bicycle Corridor Project to the 2002/03 Lodi House Project and the 2001/02 Women's Center Project"

Community Development Director Bartlam recalled that on January 15 Council awarded a bid on the Lodi Lake project. The award of the bid was lower than the estimated cost of the project, leaving nearly \$110,000 in block grant funds available for other projects. He recommended that \$8,000 of the unexpended funds be reallocated to the Women's Center roofing project.

Mayor Pro Tempore Howard commented that the staff report indicates that the Women's Center was unable to find contractors willing to do the project for the original \$9,000 that was awarded to them, due to the additional paperwork involved that was necessary for a CDBG-funded project. She asked whether the \$8,000 requested this evening is, in effect, going toward paying for the paperwork.

Mr. Bartlam replied that the contractor had underestimated the amount of work that needed to be accomplished.

Mayor Pro Tempore Howard commented that the paperwork and what type of labor is used, likely contributes to the increased cost of CDBG-funded projects, to which Mr. Bartlam agreed.

Council Member Hansen reported that the Lodi Women's Center has been identified as one of the ten best rated centers in the State. It provides a tremendous resource to women and children of the community that are victims of abuse.

PUBLIC COMMENTS:

- Joelle Gomez, Executive Director of the Women's Center, thanked the Council for its support.

MOTION #1 / VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, unanimously adopted Resolution No. 2003-26 reallocating a portion of the CDBG funds (\$8,000) from the 2002/03 Lodi Lake Handicap Accessible Pedestrian/Bicycle Corridor project to the 2001/02 Women's Center project.

NOTE: Due to a potential conflict of interest related to his service on the Lodi House board of directors, Council Member Land abstained from discussion and voting on the issue involving the Lodi House funding.

Community Development Director Bartlam reported that Lodi House had a surplus from the CDBG funds that were allocated toward its project last year. It applied for CDBG funding in the coming year for new playground equipment and associated improvements. He recommended that \$25,000 be reallocated to Lodi House to accelerate its project.

Mayor Hitchcock asked whether staff has put these projects ahead of others, as they have been selected without coming through the typical competitive process and review by Council.

Mr. Bartlam replied that these were projects that would have had staff's recommendation either utilizing current program reallocation funds or during the next year's program. They were selected because the projects were ready to begin immediately, whereas others must go through the design and bid processes before beginning construction.

PUBLIC COMMENTS:

- Suzanne Mangum, Executive Director of Lodi House, introduced Jenna Donald, a high school student, who has been assisting Lodi House for her senior project.

Ms. Donald reported that she had been volunteering for Lodi House during the past year. She emphasized the need for the children's playground area at the facility and noted that two bids for the project have been received.

In reply to Council Member Hansen, Ms. Mangum explained that Lodi House received \$10,000 for a fencing project. Labor was contributed by Emanuel Lutheran Church, which saved \$5,000 on the fencing project and can now be put toward installation of the children's playground.

City Manager Flynn added that a playground area mural will also be painted by high school students.

MOTION #2 / VOTE:

The City Council, on motion of Council Member Howard, Hansen second, adopted Resolution No. 2003-27 reallocating a portion of the CDBG funds (\$25,000) from the 2002/03 Lodi Lake Handicap Accessible Pedestrian/Bicycle Corridor project to the 2002/03 Lodi House project. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Howard, and Mayor Hitchcock

Noes: Council Members – None

Absent: Council Members – None

Abstain: Council Members – Land

- I-5 “Adopt resolution regarding request of G-REM, Inc., to rescind approvals for the Vintner's Square Subdivision, a 27-lot, 33-unit single-family residential project, located on 5.68 acres at the southwest corner of Lower Sacramento Road and Taylor Road”

Community Development Director Bartlam recalled that on November 6, approval of this project occurred that included the growth management development plan, 33 residential allocations for the project, and certification of the mitigated negative declaration. Since that time the project proponent has undertaken a reconfiguration of the adjacent property, which has an impact on the approvals of their project and, therefore, they are requesting that those previous approvals be rescinded because they are of no more use to G-REM, Inc.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Land second, unanimously adopted Resolution No. 2003-28 rescinding the approvals related to the Vintner's Square Subdivision as requested by the project applicant, G-REM.

- I-6 “Approve scope of work for transit operations contract and authorize advertisement for requests for proposals (Grapeline and Dial-A-Ride)”

Tiffani Fink, Transportation Manager, explained that the transit contract is for the drivers and operations service. Ms. Fink handles the administration. The previous contract was done seven years ago, which was originally a three-year contract with two one-year extensions. In the Request for Proposal (RFP) scope of work, the contractor is asked to pick up any cost not covered by California Transit Insurance due to accidents. In addition, increased reporting requirements have been included in an effort to allow the City to better troubleshoot problem areas and improve customer service. There is a provision that preference be given to current employees. Interior and exterior bus cleaning is required to be increased. A provision related to compressed natural gas (CNG) training and responsibility was also included in the RFP, as well as the preparation of tickets, ride guides, and schedules.

Council Member Hansen reported that he had met with Ms. Fink, Public Works Director Prima, and City Manager Flynn regarding delayed response times. Data indicates that during one period there were 133 citizens who had wait times ranging from one and a half hours to over two hours, which he considered to be unacceptable service. He noted that many of the Dial-A-Ride customers are senior citizens. He hoped that the increased reporting requirements would serve to improve the response time and suggested that staff consider recording the dispatchers.

Ms. Fink replied that the issue of recording dispatchers would be addressed during negotiations with contractors. She stated that she has been working with the project manager regarding the possibility of positioning a fleet to better cover areas, due to the complexity of the system being both subscription and demand response.

Mayor Hitchcock suggested that restriction of services only to the elderly and disabled on Dial-A-Ride be considered to alleviate the response time delays.

Ms. Fink responded that staff will be evaluating statistics related to the passenger make up and whether restriction of services would prove beneficial in improving the response time.

Mayor Pro Tempore Howard noted that the RFP gives Lodi the continued option to look at fares, which she felt was important, as well as the ability to adjust the schedule of pick ups and drop offs as needed.

In reply to Council Member Land, Ms. Fink reported that during 2001-02 there was an increase of nearly 8,000 passengers on Dial-A-Ride and 80,000 on Grapeline. This has put a large demand on the system in a short period of time. Dial-A-Ride has both subscription and demand response, in which an attempt is made to accommodate passengers within 45 minutes. Ms. Fink stated that 95% of the time, the 45-minute response time is met.

Council Member Land requested that passenger comments be forwarded to the Council for informational purposes.

Council Member Hansen concurred with Ms. Hitchcock's earlier suggestion to consider restricting service on Dial-A-Ride to the elderly and disabled, in an effort to improve service for these individuals.

**MOTION / VOTE:**

The City Council, on motion of Council Member Land, Howard second, unanimously approved the scope of work for the transit operations contract and authorized staff to advertise for request for proposals.

- I-7 "Adopt resolution authorizing staff to advertise and obtain informal quotes and award bid for the urgent purchase and installation of pool heater for Enze Pool at Blakely Park, 1050 S. Stockton Street; and appropriate \$26,000 for the project"

Parks and Recreation Director Baltz explained that the heater on the large pool at Blakely Park needs to be replaced. Due to time constraints, he requested that staff be authorized to go through an informal bid process. Installation of the pool heater will also require expanding a concrete area, as well as additional fencing. He noted that the new heater would allow the large pool to be utilized on a year round basis if needed.

Mayor Hitchcock asked Mr. Baltz if he was aware the Lodi Unified School District (LUSD) was planning to close the high school swimming pools during the winter as a cost saving measure.

Mr. Baltz replied that he was aware and noted that the main user of the LUSD pools during the winter is the Lodi City Swim Team.

In answer to Council Member Beckman, Mr. Baltz explained that a formal bid process would include advertisement and return to Council for approval to award the bid. The informal bid process would decrease the time to complete the project by two or more weeks. The parts for the heater must be manufactured, which will take five to six weeks after they have been ordered. The installation and related work is expected to take ten days. The swimming season begins on Memorial Day.

Council Member Hansen noted that he and Mr. Beckman serve on the 2x2 Committee with LUSD. At the last meeting LUSD commented that they were *considering* closing the pools during the winter; however, no decision had been made. City staff and Council Members expressed their disapproval of the idea. Mr. Hansen voiced opposition to the bid process requested by staff without a sole-source alternative.

In reference to LUSD's consideration of closing its pools during the winter, Mayor Pro Tempore Howard stated if that does take place, the joint use agreement should be updated accordingly. Addressing Mr. Baltz, Ms. Howard stated that if the Blakely pool is used year round, the fees charged should take into account the added time for heating and additional costs.

MOTION:

Mayor Pro Tempore Howard made a motion, Land second, to adopt Resolution No. 2003-29 authorizing staff to advertise and obtain informal quotes and award bid for the urgent purchase and installation of pool heater for Enze Pool at Blakely Park, 1050 S. Stockton Street; and appropriate \$26,000 for the project.

DISCUSSION:

Council Member Beckman did not believe that the two-week time savings justified deviating from the formal bid process. Council Member Hansen concurred.

Mayor Hitchcock asked Ms. Howard to amend her motion to include a formal bid process, to which Mayor Pro Tempore Howard declined.

Steve Dutra, Parks Superintendent, stated that if the request is not approved tonight, it would require staff to return to Council on March 19 with a request to proceed with a formal bid process, a two-week advertisement period would follow, with award of bids taking place sometime in April. Subsequent to that would be the four- to six-week manufacture time for the heater, followed by a ten-day installation period. In this scenario, the pool would not be ready in time for the swim season.

Council Member Beckman expressed disappointment that staff did not allow Council an option to select either the formal or informal bid process for the procurement of the pool heater.

In answer to Mayor Hitchcock, City Attorney Hays advised Council that they could not change the action requested under the agenda item description. He informed Council Member Beckman that staff could have brought forward the request with an option for Council to select the type of bid process.

Council Member Hansen stated that he would vote in favor of the motion due to the time constraint issue and the need to have the pool ready in time for the beginning of swim season.

VOTE:

The motion carried by the following vote:

Ayes: Council Members – Hansen, Howard, Land, and Mayor Hitchcock

Noes: Council Members – Beckman

Absent: Council Members – None

Mayor Hitchcock stated that at some point Council must begin denying requests for expenditures from the contingency fund.

VOTE TO CONTINUE WITH THE REMAINDER OF THE MEETING

Council Member Hansen made a motion, Hitchcock second, to continue with the remainder of the meeting following the 11:00 p.m. hour. The motion **failed** by the following vote (Note: this issue requires a 4/5 vote of the City Council):

Ayes: Council Members – Hansen, Howard, and Mayor Hitchcock

Noes: Council Members – Beckman and Land

Absent: Council Members – None

I. REGULAR CALENDAR (Continued)

I-8 “Review and take appropriate action, if necessary, regarding frequency and scheduling of City Council meetings and Informal Informational ‘Shirtsleeve’ Sessions” was ***continued to the regular meeting of March 5, due to the failed vote on the motion to continue with the remainder of the meeting.***

J. ORDINANCES

None.

K. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

None.

L. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

None.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:20 p.m.

ATTEST:

Susan J. Blackston  
City Clerk